Baltimore, Maryland Mayor Catherine Pugh caught in widespread corruption scandal

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Baltimore's Democratic Mayor Catherine Pugh has become the center of a corruption scandal that has once again exposed the incestuous relationship between big business and the political establishment. The incident concerns a children's book series, "Healthy Holly," ostensibly written by Pugh to teach impoverished children the importance of a healthy diet and exercise. Pugh then used her clout to sell the book in bulk orders to various corporate entities in exchange for political favors when she became mayor in 2016. According to current figures, she made around $800,000 in total from book sales.

Local city officials have begun to call for Pugh to resign over the revelations and the Maryland State Prosecutor has begun an investigation. While Pugh has taken an indefinite leave of absence from office, her spokesman James Bentley has insisted that Pugh will return to work once she fully recovers from a bout of pneumonia.

With the evidence overwhelmingly pointing to her role in the kickback scheme, it is clear that the "Healthy Holly" scandal is merely the tip of the iceberg. Like in any major scandal which erupts within the ruling class, the political establishment marks a scapegoat as the wagons close in to protect the rest.

In either 2010 or 2011, according to Pugh, she showcased a draft of the first book, "Healthy Holly: Exercising Is Fun," to officials at the University of Maryland Medical System (UMMS) while she was a member of the institution's executive board. The UMMS paid out an initial sum of $100,000 for 20,000 copies of the book, with the intention of distributing them throughout city schools. Over the following years, UMMS paid another $400,000 for a total 80,000 copies of the next four books of the five-part series. Pugh, a UMMS board member since 2001, resigned late last month amid the emerging controversy, calling the deal a "regrettable mistake."

One month after the *Baltimore Sun* broke the initial story, it came to light that a number of other entities bought copies as well, which Pugh failed to mention during her first public apology. Health insurance giant Kaiser Permanente acknowledged this week that it paid $114,000 for 20,000 copies of the book between 2015 and 2018. The backroom deal took place during the same period that the corporation was attempting to win a contract to provide health benefits to city employees.

A nonprofit called Associated Black Charities also revealed that it had collected around $90,000 from five different entities for the books—the largest of which was CareFirst BlueCross BlueShield, another city health insurance provider. Pugh's company Healthy Holly LLC received roughly $80,000 while the nonprofit pocketed the rest.

In September 2017, less than a year after Pugh assumed office, the city's spending board awarded the Kaiser Foundation Health Plan of the Mid-Atlantic States Inc. a $48 million contract to provide benefits to city employees from 2018 to 2020, with option to renew. As mayor, Pugh is head of the city spending board. She does not appear to have abstained from the contract vote.

Associated Black Charities also got a cut. In January of last year, the spending board gave the nonprofit control over a $12 million pot of money earmarked as a youth fund. Of the lump sum, the nonprofit was awarded $1.2 million for "administrative costs."

Another donor, which provided $3,680 to the charity's overall contribution to Pugh, was Ariel Investments LLC. In February 2018, Pugh voted to approve a proposal made by the city employee retirement system to invest $40 million with the firm.

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The deal also gave $272,000 of pension funds in "annual fees" to the company.

A businessman based from Columbia, Maryland, James Preston Grant, admitted last week that he had also cut a $114,000 check to Healthy Holly LLC in October 2016, two months before Pugh assumed office. Grant—apparently trying to get ahead of the ongoing investigation—contacted the press, stating, "I want to be honest." Grant claims to have "forgotten" about six-figure payment until last Friday. He received a copy of one book without any documentation of how his money would be used.

One of Grant's companies, Commercial Construction (an affiliate of the Commercial Group LLC), renovated Pugh's new house at a heavily discounted price, 20 percent of the true cost or less. The company installed a new furnace, plumbing fixtures, electrical panels and roof, along with a brand new deck and clothes closets.

In return, the city spending board awarded a contract for a large scale infrastructure project to another Grant-financed construction company, KCI Technologies. Partnering with another company, CG Tri-Venture, KCI Technologies won a $50 million contract to repair, upgrade and expand the capacity of conduits that carry electric, telephone and fiber-optic cables under city streets. All the more revealing is the fact that the city's costliest infrastructure program to date was awarded to a joint venture with no prior experience with conduit repairs and that lacks the manpower to complete the prescribed task on its own, according to Department of Transportation (DOT) officials.

It is now abundantly clear that Pugh accepted thinly-veiled bribes from health insurance giants and other corporate interests in exchange for kickbacks from the city budget. She lied to an interviewer from the *Sun* last month, claiming she had not sold books other than those purchased through the UMMS deal.

Pugh exemplifies the greed and cynicism of the upper-middle-class layer of Democratic Party "progressives" who attempt to conceal their class aims through identity politics. Pugh, an African American woman, has demonstrated that this social layer can be just as ruthless, reactionary and corrupt as any other section of the ruling elite once handed power.

In the wake of the social unrest that rocked Baltimore following the police murder of Freddy Gray in 2015, Pugh put forward a rehashed variant of Nixon's 'black capitalism' as a supposed solution to social inequality and police violence which racks the city's working class.

"We have to bring back the jobs but we have to understand that the African American community is not monolithic," she stated in an interview with WBAL-TV. "We are a microcosm of America—we have very poor and very rich. We have people who have the capacity to expand the businesses in our communities. We just need a fair playing field so we all take part in it."

At the time, Pugh said she had authored legislation for the state of Maryland to channel a larger portion of its pension investments into minority-owned businesses in order to "share the wealth." The results of such investment schemes are now clear.

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